

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CEA-02 CIEP-02 COME-00 CIAE-00

INT-08 NSC-07 NSCE-00 SP-03 STR-08 TRSE-00 INR-10

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FM USLO PEKING

TO SECSTATE WASHDC 1782

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EIND ETRD CH

SUBJECT: PRC FERROUS SCRAP REQUIREMENTS DURING LAST
SIX MONTHS 1974

REF: STATE 095278

1. AS INDICATED IN PREVIOUS USLO AND CONGEN HONG KONG
MESSAGES, THE KIND OF INFORMATION FOR THE PRC REQUESTED
REFTEL IS IMPOSSIBLE TO OBTAIN OR TO EVEN ESTIMATE
WITH ANY PRECISION. IN VIEW OF THE STANDARD CHINESE
PRACTICE OF NOT MAKING ECONOMIC DATA PUBLIC AND OF
THE FAILURE OF OUR PAST EFFORTS TO ELICIT ANY INFORMATION
ON PRC SCRAP REQUIREMENTS, WE SEE NO POINT IN MAKING
AN APPROACH TO THE CHINESE AUTHORITIES. ANY ESTIMATES
CAN ONLY BE OF THE ROUGHEST ORDER OF MAGNITUDE.

2. IN REPLY TO THE SPECIFIC QUESTIONS PARA 3 REFTEL:

A) PRC STEEL PRODUCTION JULY-DECEMBER 1974 -- ANNUAL
PRODUCTION THIS YEAR WILL POSSIBLY APPROACH 28 MILLION
METRIC TONS, OR PERHAPS 14 MILLION FOR THE SECOND
HALF OF THE YEAR.

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B) FERROUS SCRAP IMPORT REQUIREMENTS FROM THE

US JULY-DECEMBER 1974 -- OUR ROUGH GUESS, ASSUMING NO RESTRICTIONS ON US IMPORTS, IS ABOUT 500,000 TONS. CHINESE PURCHASES FROM THE US BEGAN IN EARLY 1973 AND DELIVERIES FOR THE FIRST HALF OF THAT YEAR TOTALED 121,000 TONS. DURING THE SECOND HALF OF 1973, THE US SHIPPED 313,000 TONS TO CHINA BUT THE LARGE CONTRACTED AMOUNT THAT WAS NOT DELIVERED SUGGESTS A TOTAL HALF YEAR REQUIREMENT OF ABOUT 500,000 TONS. SIMILARLY, THE CHINESE INDICATED ON SEPARATE OCCASIONS THAT CONTRACTS THEY SIGNED FOR SCRAP DELIVERIES IN THE FIRST HALF OF 1974 TOTALED 400,000 TO 600,000 TONS. WE DO NOT HAVE SUFFICIENT INFORMATION TO MAKE ESTIMATES ON THE DIFFERENT PRICE ASSUMPTIONS (DOLS 75, 100, OR 125 PER TON FOB) GIVEN REFTEL. MOST CHINESE PURCHASE CONTRACTS FOR US SCRAP WERE SIGNED BEFORE JANUARY 1, 1974 WHEN THE PRICE WAS UNDER DOLS 76 PER TON. AS FAR AS WE KNOW, THE QUANTITY OF SCRAP WE ESTIMATE THE CHINESE WOULD REQUIRE FROM THE US DURING JULY-DECEMBER 1974 (500,000 TONS) IS NOT READILY AVAILABLE FROM OTHER SOURCES OF SUPPLY, AND THERE HAVE BEEN SOME REPORTS INDICATING THAT THE PRC IS PREPARED TO PAY PREMIUM PRICES.

C) ESTIMATED PRC SCRAP INVENTORIES AT THE END OF MARCH 1974 -- INFORMATION NOT AVAILABLE AND IMPOSSIBLE TO ESTIMATE.

3. WE SUGGEST THE DEPARTMENT REPEAT REFTEL TO CONGEN HONG KONG FOR ANY ADDITIONAL INFORMATION THEY MAY BE ABLE TO PROVIDE.
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Message Attributes

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